Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

PAGE 01 STATE 110854

70
ORIGIN SS-10

INFO OCT-01 CCO-00 RSC-01 SSO-00 ISO-00 /012 R

66617
DRAFTED BY: S/S-O:KBROWN
APPROVED BY: S/S-O:GTWOHIE
S/S:DMILLER
---------- 046832
O 252349Z MAY 74 ZFF4
FM SECSTATE WASHDC
TO AMCONSUL JERUSALEM IMMEDIATE

C O N F I D E N T I A L STATE 110854

TOSEC 1054

FOLLOWING REPEAT BONN 08287 SENT SECSTATE INFO ANKARA ATHENS BRUSSELS COPENHAGEN THE HAGUE LISBON LONDON LUXEMBOURG OSLO OTTAWA PARIS REYKJAVIK ROME NATO EC BRUSSELS BERLIN MOSCOW GENEVA VIENNA BY POUCH TO BELGRADE BUCHAREST BUDAPEST PRAGUE SOFIA WARSAW BERN STOCKHOLM BREMEN DUSSELDORF HAMBURG MUNICH STUTTGART DATED MAY 24.

QUOTE

C O N F I D E N T I A L BONN 08287

GENEVA FOR CSCE DEL; VIENNA FOR MBFR DEL
DEPT PLEASE PASS SEC KISSINGER

E.O. 11652: GDS
TAGS: PINT, GW
SUBJECT: THE SCHMIDT GOVERNMENT: A PRELIMINARY ASSESS-
MENT OF DOMESTIC AND FOREIGN POLICY PROBLEMS
AND PROSPECTS

1. SUMMARY: AT THE BEGINNING OF HIS PERIOD OF OFFICE, CHANCELLOR SCHMIDT FACES IN MID-1974 A SERIES OF PRESSING DOMESTIC AND, SECONDARILY, FOREIGN POLICY PROBLEMS. CONFIDENTIAL

PAGE 02 STATE 110854

HIS PRINCIPAL DOMESTIC DIFFICULTIES ARE TO REVERSE THE SPD'S "LOSER" IMAGE OF RECENT MONTHS; TO OBTAIN SUPPORT FROM BRANDT, WEHNER AND THE TRADE UNIONS IN CONTROLLING THE PARTY; TO DEAL EFFECTIVELY WITH THE

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

PARTY'S RADICAL WING; AND, ABOVE ALL, TO CREATE THE IMPRESSION OF A STRONG CHANCELLOR ABLE TO MAINTAIN A STABLE ECONOMY. WITHOUT SUCCESSES IN THESE FIELDS, SCHMIDT'S FUTURE MAY BE CLOUDED. FOREIGN POLICY MATTERS ARE LESS PRESSING AT PRESENT, ALTHOUGH SCHMIDT IS PROB-

BLY GOING TO HAVE TO FOCUS MORE QUICKLY THAN HE WOULD LIKE ON EC PROBLEMS. THE FRG NEEDS A VIABLE EC AND SCHMIDT KNOWS THIS. WHAT HE WILL DO IN CONCRETE TERMS TO TRY TO SOLVE SOME OF THE PROBLEMS IS STILL OPEN. THE NEW CHANCELLOR HAS TAKEN OVER QUICKLY AND DECISIVELY AND, IF HIS HEALTH HOLDS OUT AND HE IS SUCCESSFUL IN DOMESTIC TERMS, THE PROSPECTS SEEM REASONABLY GOOD THAT HE WILL REMAIN CHANCELLOR UNTIL 1976 AND EVEN BEYOND. END SUMMARY.

2. DOMESTIC CONSIDERATIONS.

SCHMIDT HAS SEVERAL IMMEDIATE AND PRESSING PROBLEMS TO FACE AS FRG CHANCELLOR, MOST OF WHICH LIE IN THE DOMESTIC FIELD. FIRST OF ALL, HE HAS TO TRY TO REVERSE THE SPD'S "LOSER" IMAGE OF THE PAST YEAR OR SO. EX-CHANCELLOR BRANDT'S NON-AGGRESIVE AND, INDEED LETHARGIC, APPROACH TO POLITICS SINCE THE END OF 1972 HAS TAKEN ITS TOLL IN THE SPD AND IN THE COUNTRY. ONLY FAST AND DECISIVE ACTION BY SCHMIDT CAN TURN THIS MOOD AROUND.

3. IN CONCRETE TERMS, THIS MEANS THAT SCHMIDT AND THE TOP SPD LEADERSHIP WILL HAVE TO GO ALL OUT IN LOWER SAXONY TO PREVENT THE SPD FROM LOSING ITS MAJORITY THERE. IT MAY WELL BE TOO LATE FOR HIM TO COMPLETELY BE SUC-CESSFUL, BUT A FILL-SCALE EFFORT MAY HELP STEM SOME OF THE LOSSES THE SPD ITSELF HAD EARLIER EXPECTED. A DE-CLINE OF ONLY A FEW PERCENTAGE POINTS OF THE VOTE COULD BE PRESENTED BY SCHMIDT (AND CERTAINLY WOULD BE) AS A POSITIVE OUTCOME, GIVEN THE PREVIOUS GLOOMY EXPECTATIONS. SCHMIDT AND THE SPD LEADERS ARE AWARE OF THE SIGNIFICANCE
CONFIDENTIAL

PAGE 03 STATE 110854

OF THIS ELECTION AND ARE CAMPAIGNING HARD. EVEN BRANDT, ONCE HE RETURNS FROM VACATION, IS EXPECTED TO WEIGH IN AND TRY TO HELP OUT IN THE LOWER SAXONY AREA. HIS PARTI-CIPATION COULD BE A PLUS FOR THE SPD SINCE SOMETHING OF A SYMPA-

THY WAVE IN HIS FAVOR SEEMS TO HAVE EMERGED IN THE COUNTRY GENERALLY SINCE HIS RESIGNATION.

4. IN THIS CONNECTION, SCHMIDT ALSO HAS TO RECKON WITH THE PROBLEM OF CONTROL OF THE SPD ITSELF. HE IS NOT NOW IN EFFECTIVE CONTROL OF HIS PARTY AND WILL NOT BE FOR

SOME TIME. HE THEREFORE WILL NEED THE SUPPORT OF BRANDT,

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

WEHNER AND THE TRADE UNIONS AND IS AWARE OF THIS FACT. HE HAS STUDIOUSLY SOUGHT TO PLAY UP TO THE LATTER; HIS CABINET HAS MORE TRADE UNIONISTS IN IT THAN ANY IN POST-WAR HISTORY. HIS RELATIONSHIP WITH BRANDT AND WEHNER MAY BE MORE PROBLEMATICAL. NEITHER IS PERSONALLY FOND OF THE NEW CHANCELLOR; OUR GUESS IS, HOWEVER, THAT THEY WILL ALL MAKE THEIR PEACE FOR THE SAKE OF PARTY SOLI-DARITY.

5. AS FOR THE PROBLEM OF THE SPD LEFT WING, SOME JUSO LEADERS SHOW SIGNS OF UNDERSTANDING HOW NECESSARY A COMMON FRONT IS FOR THE PARTY'S FUTURE. FOR EXAMPLE, THERE HAS BEEN NO CRITICISM YET BY THE JUSOS OF SCHMIDT'S GOVERNMENT DECLARATION, DESPITE ITS RELATIVELY CONSERVA-TIVE APPROACH. THE RADICALISM ISSUE MAY THEREFORE BE AVOIDABLE FOR SCHMIDT, AT LEAST IN THE SHORT RUN. OVER THE LONGER HAUL, HE MAY HAVE TO BE PREPARED TO CRACK SOME HEADS, IF ONLY TO SHOW THE GERMAN PUBLIC THAT HE WILL STAND FOR NO NONSENSE FROM THE WILD WING OF HIS PARTY. WITHOUT SUCH FIRMNESS (WHEN CALLED FOR), SCHMIDT KNOWS HE COULD LOSE A LARGE PART OF THE UNDECIDED VOTE IN THE CENTER OF THE POLITICAL SPECTRUM, SO NECESSARY FOR ANY MAJOR PARTY'S SUCCESS IN THE FRG.

6. AS FOR THE COALITION, SCHMIDT WILL HAVE TO EXERT MORE CARE THAN HE HAS SO FAR TO KEEP THE FDP AND GENSCHER SATISFIED WITH THE SOCIAL-LIBERAL MARRIAGE. BOTH HE AND

CONFIDENTIAL

PAGE 04 STATE 110854

GENSCHER WILL HAVE THEIR DIFFICULT TIMES, NOT LEAST BE-CAUSE OF THE SIMILARITY OF THEIR PERSONALITIES AND PRO-FESSIONAL ATTRIBUTES AS ROUGH, TOUGH AND AGGRESSIVE POLITICIANS. BUT WE WOULD EXPECT THAT BOTH WILL COME TO RECOGNIZE FAIRLY QUICKLY THAT THEY ARE STUCK WITH EACH OTHER AND THAT, FOR REASONS OF PERSONAL AND PARTY INTEREST, THEY ARE GOING TO HAVE TO GET ALONG. THIS POSSIBLE UNDERSTANDING NOTWITHSTANDING, THERE WILL PROBABLY BE OCCASIONAL BLOW-UPS, ESPECIALLY AS SCHMIDT TRIES TO ACT (AS HE CERTAINLY WILL) IN THE FIELD OF FOREIGN AND SECURITY POLICY. GENSCHER, ONCE ESTABLISHED, WILL NOT EASILY PERMIT HIS AREA OF RESPONSIBILITY TO BE ERODED: HE IS TOO PROUD FOR THAT.

7. FINALLY, AND PERHAPS MOST IMPORTANT OF ALL BOTH IN THE NEAR AND LONG TERM, WILL BE SCHMIDT'S ABILITY TO REESTABLISH A GREATER DEGREE OF CONFIDENCE IN THE GOVERN-MENT'S HANDLING OF ECONOMIC MATTERS. INFLATION, ALTHOUGH LOW BY INTERNATIONAL STANDARDS, IS CAUSING GREATER UN-EASINESS. THE ENERGY CRISIS HAS HAD ITS SHOCK EFFECT HERE, AND SCHMIDT KNOWS IT. WE CAN THEREFORE EXPECT HIM TO APPEAR ACTIVE IN THE FISCAL AREA, HOLDING DOWN FEDERAL

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

SPENDING AND IN GENERAL TAKING A TIGHT-FISTED APPROACH THAT WILL APPEAL TO MANY VOTERS. HE HAS TO TREAD A NARROW LINE, HOWEVER, SINCE HE CANNOT AFFORD THE APPEARANCE OF SACRIFICING SOME OF THE PROGRAMS SO DEAR TO MANY OF HIS SOCIALIST COLLEAGUES. IN ADDITION, THE MORE SUCCESSFUL HIS STABILIZATION POLICY TURNS OUT TO BE, COMPARED TO THAT IN OTHER MAJOR COUNTRIES, THE MORE DIFFICULT POLICY OPTIONS MIGHT ARISE FOR THE FEDERAL REPUBLIC IN THE INTERNATIONAL MONETARY SPHERE.

8. THIS TIGHT-ROPE WALK WILL REQUIRE ALL OF SCHMIDT'S SKILL, BOTH IN SPD PARTY CIRCLES AND IN THE PUBLIC RELATIONS HANDLING OF HIS PROGRAMS. AS NOTED, HE IS

AWARE OF AT LEAST THE FIRST ELEMENT: WITNESS HIS PLAYING TO THE TRADE UNIONISTS WHO WILL BE THE FIRST TO SCREAM IF HE CUTS BACK TOO FAR ON SOCIAL PROGRAMS. THE PUBLIC RELATIONS ASPECT MAY BE MORE DIFFICULT FOR SCHMIDT. HE CONFIDENTIAL

WILL HAVE TO MUTE HIS ARROGANCE SOMEWHAT IF HE IS TO MAKE THE UNCONVINCED BELIEVE THAT HIS PROGRAMS ARE SOUND, AND OBTAIN HELP FROM HIS SPD COLLEAGUES IN SELLING THEM. HE CANNOT DO THIS TASK ALONE. HIS PRESS SPOKESMAN, BOELLING, WILL BE TOO NEW TO THE JOB TO BE OF MUCH USE IN THIS CONNECTION, AT LEAST FOR SOME TIME.

9. FOREIGN POLICY CONSIDERATIONS.

SCHMIDT'S PRO-US AND PRO-ATLANTIC CREDENTIALS ARE WELL-KNOWN, AND HE EXPRESSED THEM AS CLEARLY AS POSSIBLE IN HIS GOVERNMENT DECLARATION. THESE WERE NOT JUST WORDS FOR PUBLIC CONSUMPTION: HE MEANS THEM, FOR HE IS CONVINCED OF THE NEED FOR THE US PRESENCE IN EUROPE AND FOR A STRONG US-ATLANTIC ALLIANCE. THAT IS NOT TO SAY WE WILL NOT HAVE OCCASIONAL PROBLEMS WITH SCHMIDT. WITH HIS USUAL BLUNTNESS, HE MAY OPPOSE US FROM TIME TO TIME WHEN HE CONSIDERS FRG INTERESTS TO BE IN QUESTION. HE MAY ALSO, ON OCCASION, PURSUE MORE INDEPENDENT FRG POLICIES NOT ALWAYS TO OUR LIKING, FOR HE IS A STONG-HEADED MAN WHO SEES A USEFUL ROLE FOR GERMAN POWER. BUT, AT BASE, THE RELATIONSHIP WITH THE US WILL BE A GOOD AND CLOSE ONE, NOT LEAST BECAUSE SCHMIDT KNOWS THAT IT HAS TO BE. HE WILL ALSO, AS HE HAS IN THE PAST, EMPHASIZE THAT SELFISH AMERICAN INTERESTS IN A PROSPEROUS AND SECURE EUROPE PLACE CERTAIN LIMITS ON OUR OPTIONS.

10. CONVENTIONAL WISDOM HAS IT THAT SCHMIDT HAS NEVER BEEN PARTICULARLY PRO-EUROPEAN IN THE MONNET OR EVEN BRANDT/SCHEEL SENSE OF THE WORD. CERTAINLY, HIS GOVERNMENT DECLARATION WAS FAIRLY COOL ON THE SUBJECT, ESPECIALLY IN THOSE AREAS WHERE GERMANY

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

WILLINGNESS TO PAY EUROPE'S WAY OR BAIL OUT CERTAIN

EUROPEAN PARTNERS OUT
OF TROUBLE MIGHT BE CONCERNED. IT IS ALSO TRUE THAT
SCHMIDT DOES NOT SHARE THE IDEOLOGICAL APPROACH TO THE
WORKING OF EUROPE CHARACTERISTIC OF AN EARLIER GENERA-
TION OF LEADERS. HE IS KNOWN TO BELIEVE THAT POLITICAL
UNION LIES VERY FAR IN THE FUTURE. BUT, JUST AS SURELY,
HE KNOWS THAT THE FRG NEEDS AN ECONOMICALLY VIABLE EC;
CONFIDENTIAL

HE DREW ATTENTION IN THE GOVERNMENT DECLARATION TO THE
FACT THAT ROUGHLY TWO-THIRDS OF THE FRG'S IMPORTS AND
EXPORTS ARE TRANSACTED WITH EC OR FORMER EFTA COUNTRIES
LINKED WITH THE EC. SCHMIDT THEREFORE MAY FIND THAT HE
WILL HAVE TO BE MORE DYNAMICALLY HELPFUL IN SOLVING SOME
OF THE EC'S PRESENT PROBLEMS THAN HE ORIGINALLY EN-
VISAGED. HE IS SMART ENOUGH TO RECOGNIZE THAT GERMANY'S
ULTIMATE PROSPERITY IS TIED TO THE EC'S CONTINUING
WELL-BEING.

11. PART OF THE EUROPEAN/EC PROBLEM THAT WILL RECEIVE
EARLY ATTENTION FROM SCHMIDT IS FRANCE. MUCH AS SCHMIDT HAS

DISDAINED THE FRENCH AND THEIR FOREIGN AND ECONOMIC
POLICIES, HE IS AWARE THAT EUROPE (OR AN EC) WITHOUT
FRANCE IS JUST NOT A WORKABLE PROPOSITION. HE MAY BE
EXPECTED TO USE HIS PERSONAL RELATIONSHIP WITH GISCARD
TO TRY TO BRING THE FRENCH TO MORE REASONABLE POSITIONS
ON A VARIETY OF OUTSTANDING ISSUES. IN THIS CONNECTION,
WE BELIEVE HE MAY WELL BE MORE AGGRESSIVE WITH THE
FRENCH IN PRESSING FOR AN IMPROVED US-EC RELATIONSHIP,
WHILE AT THE SAME TIME WORKING HARD TO CREATE A BETTER
FRANCO-GERMAN ATMOSPHERE WITH THE NEW FRENCH GOVERNMENT.
MUCH WILL DEPEND ON THE FRENCH THEMSELVES. SCHMIDT WILL
GO SOME DISTANCE TO MEET THEM, BUT NOT THE LAST MILE.
HE IS JUST NOT MADE THAT WAY. THIS SENSITIVE AREA OF
FRG FOREIGN POLICY THEREFORE IS APT TO REMAIN PROBLEMA-
TICAL UNTIL THE SHAPE OF FRENCH POLICY UNDER GISCARD
BECOMES CLEARER.

12. ANOTHER PIECE OF CONVENTIONAL WISDOM WITH MUCH
VALIDITY IS THAT SCHMIDT WILL CONDUCT A FAR LESS ACTIVE
OSTPOLITIK. HIS ATTENTION TO IT IN HIS GOVERNMENT
DECLARATION WAS CERTAINLY LESS THAN HEARTY. WE EXPECT
THAT HE WILL PROBABLY BE FAR LESS PREOCCUPIED WITH
EASTERN EUROPE THAN HIS PREDECESSOR, PARTLY ON IDEOLOGICAL

GROUNDS (HE IS JUST NOT AS EMOTIONALLY INVOLVED
IN THIS AREA AS WAS BRANDT) AND PARTLY BECAUSE MOST OF
THE DIFFICULT AREAS OF OSTPOLITIK HAVE ALREADY BEEN
ADDRESSED. BUT WE DO EXPECT SCHMIDT TO MAINTAIN A

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

REASONABLE AND CONTINUING INTEREST IN KEEPING OPEN CONTACTS TO THE EAST, AS LONG AS IT COSTS HIM LITTLE. HE IS WELL AWARE THAT A HOSTILE USSR AND GDR COULD CREATE DIFFICULTIES FOR HIM GENERALLY, AND PARTICULARLY IN BERLIN. AND HE WILL TRY TO AVOID THIS. HENCE, WE WOULD REGARD HIS MOSCOW VISIT LATER THIS SUMMER AS A FAIRLY PRO FORMA AFFAIR, DESIGNED TO SHOW THE SOVIETS HE IS NOT UNFRIENDLY.

13. THE SOVIETS FOR THEIR PART, SEEM TO WANT TO KEEP ON GOOD TERMS WITH THE NEW GOVERNMENT. THEY HAVE TREATED SCHMIDT WELL IN THEIR MEDIA. ALSO RECENT GDR CONCESSIONARY MOVES PROBABLY CAME IN LARGE MEASURE (WE UNDERSTAND FROM RELIABLE SOURCES) AT SOVIET URGING: THE OLD SOVIET TRICK OF MAKING CONCESSIONS TO THE FRG BY USING GDR COINS.

14. CONCLUSIONS.

WE HAVE PREVIOUSLY NOTED SCHMIDT'S PERSONAL DYNAMISM AND AGGRESSIVE STYLE. WE EXPECT THAT HIS ENERGETIC APPROACH TO POLITICS WILL PERMEATE BOTH HIS DOMESTIC AND FOREIGN POLICIES. IN MANY WAYS, IT COULD BE A WELCOME CHANGE, FOR US AND FOR OTHER ALLIES OF THE FRG AS THE GOVERNMENT SHEDS SOME OF THE FUZZINESS AND EMOTIONALISM OF RECENT YEARS. SCHMIDT COULD BE THE MAN OF ACTION AND DECISIVENESS THAT MANY GERMANS ADMIRE. IT IS TOO EARLY TO PREDICT WHETHER HE WILL BE ABLE TO MAINTAIN THE KIND OF SUCCESSFUL PACE OVER THE NEXT TWO AND ONE-HALF YEARS THAT WILL ENSURE AN ELECTORAL VICTORY IN 1976. THERE ARE TOO MANY IMPONDERABLES AT PRESENT, NOT LEAST THE QUESTION OF WHETHER HIS HEALTH WILL STAND UP TO THE GRIELING GRIND THAT WORE OUT BRANDT. IF FIRST IMPRESSIONS ARE ANYTHING TO GO BY, HOWEVER, WE WOULD HAVE TO SAY THAT HIS PROSPECTS OF STAYING IN OFFICE UNTIL AND EVEN BEYOND 1976 LOOK FAIRLY GOOD RIGHT NOW. APART FROM HIS OWN PERSONAL QUALITIES, THE OPPOSITION HAS NOT PRODUCED THE LEADERSHIP OR THE PROGRAMS EFFECTIVELY TO COMBAT HIM AT THIS JUNCTURE.
HILLENBRAND UNQUOTE BROWN

<< END OF DOCUMENT >>

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Attributes

Automatic Decaptioning: X
Capture Date: 27 JUL 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT REFORM, FOREIGN RELATIONS, FOREIGN POLICY POSITION, TOSEC 1054
Control Number: n/a
Copy: SINGLE
Draft Date: 25 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE110854
Document Source: ADS
Document Unique ID: 00
Drafter: S/S-O:KBROWN
Enclosure: n/a
Executive Order: 11652 GDS
Errors: n/a
Film Number: D740132-0693
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740588/abbryzlv.tel
Line Count: 317
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 27 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27 MAR 2002 by collinp0>; APPROVED <08 MAY 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: THE SCHMIDT GOVERNMENT: A PRELIMINARY ASSESS- MENT OF DOMESTIC AND FOREIGN POLICY PROBLEMS AND PROSPECTS
TAGS: PINT, GE
To: JERUSALEM
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005